

Message Text

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12

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 IO-14 SAM-01 AID-20 TRSE-00 DRC-01 /151 W

----- 118388

R 150825Z JUL 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3329

INFO AMEMBASSY BANGKOK

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SAIGON

AMEMBASSY VIENTIANE

AMCONSUL HONG KONG

USLO PEKING

CINCPAC HONOLULU HI

C O N F I D E N T I A L TOKYO 9306

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, VN, JA

SUBJ: JAPAN-DRV RELATIONS

REF: TOKYO 8096

SUMMARY: DURING FORMAL 1 JULY MEETING IN VIENTIANE BETWEEN GOJ AND DRV REPRESENTATIVES, GOJ RAISED OFFER OF GRANT ASSISTANCE FROM FIVE TO TEN BILLION YEN. WHILE MAINTAINING ORIGINAL DEMAND FOR FIFTEEN BILLION YEN, DRV DID NOT RE-ITERATE USUAL PITCH FOR RECOGNITION OF PRG, AND OMISSION THAT MAY REPRESENT SIGNIFICANT SHIFT IN DRV POSITION. END SUMMARY.

1. FONOFF DIRECTOR FIRST SEA ASIA DIV HANABUSA, WHO

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JUST RETURNED FROM SE ASIAN TOUR, PROVIDED US DETAILS

OF ORMAL JULY 1 MEETING IN VIENTIANE BETWEEN JAPANESE AND DRV EMBASSIES. MEETING, WHICH INCLUDED DRV AMB HIEN, COUNSELOR NGUYEN GIAP, NEGOTIATOR VU TIEN, JAPANESE AMBASSADOR SUGAMUNA, AND HANABUSA, HELD AT GOJ SUGGESTION AND ONLY RELUCTANTLY AGREED TO BY DRV.

2. AT MEETING GOJ RAISED OFFER OF GRANT ASSISTANCE FROM FIVE TO TEN BILLION YEN (ABOUT \$37 MILLION). HANABUSA WARNED DRV REPRESENTATIVES THAT FAILURE TO ACCEPT JAPANESE OFFER BY SEPTEMBER WOULD MAKE IT IMPOSSIBLE TO ADD PROPOSED ADDITIONAL 5 BILLION YEN TO THIS YEAR'S BUDGET. HE ADDED THAT FURTHER PROCRASTINATION BEYOND MARCH 31, 1975 EXPIRATION DATE OF FISCAL YEAR WOULD MEAN THAT ORIGINAL FIVE BILLION WOULD REVERT TO FINANCE MINISTRY AND THAT BUDGETARY PROCESS WOULD HAVE TO BEGIN AGAIN, RESULTING IN POSSIBLE TWO YEARS DELAY (HANABUSA REMARKED THAT HIS ARGUMENTS WERE INTENTIONALLY MISLEADING, THOUGH TECHNICALLY CORRECT. MONEY COULD ALWAYS BE FOUND, EVEN IF REQUIREMENTS OF BUDGETARY CYCLE WERE NOT MET.) FINALLY, HE WARED THAT SHOULD IT BECOME OBVIOUS IN JAPAN THAT ESTABLISHMENT OF EMBASSY IN HANOI WAS HOSTAGE TO DEMANDS FOR MORE AID FUNDS, REACTION TOWARD NVN WOULD BE QUITE NEGATIVE.

3. IN REPLY, AMBASSADOR HIEN REITERATED STANDARD DEMAND FOR 15 BILLION YEN. READING FROM BRIEFING PAPER, HE MAINTAINED THAT HANOI WANTED PARIS PEACE ACCORDS IMPLEMENTED AND OPPOSED DIVISION OF SVN. THERE WAS NO DEMAND DURING FORMAL SESSION FOR GOJ RECOGNITION OF PRG. AFTERWARDS, DURING INFORMAL CONVERSATION, VU TIEN ASKED HANABUSA WHY GOJ DID NOT RECOGNIZE PRG, TO WHICH HANABUSA GAVE STANDARD REPLY.

4. HANABUSA NOTED WITH CONSIDERABLE INTEREST FACT THAT FOR FIRST TIME NO FORMAL DEMAND FOR RECOGNITION OF PRG MADE AT MEETING. EVEN THOUGH HIEN WAS PARTICIPATING FOR FIRST TIME, HANABUSA FELT HIS FORMAL APPROACH REPRESENTED CORRECT RENDITION OF HANOI'S VIEWS. POSSIBLE SHIFT MIGHT HAVE BROADER IMPLICATIONS FOR DRV POLICY TOWARD SVN AND PRG, HE CONCLUDED.
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5. COMMENT: WE AGREE THAT DRV PRESENTATION AT VIENTIANE SEEMS TO REPRESENT SOFTENING OF DRV POSITION VIS-A-VIS GOJ. WHETHER SHIFT HAS BROADER IMPLICATIONS FOR HANOI'S ATTITUDE TOWARD PRG REMAINS TO BE SEEN. IT MAY MERELY BE EFFORT TO SPEED NEGOTIATIONS AND HASTEN RECEIPT OF NEEDED AID.
SHOESMITH

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